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CENTRAL

INTELLIGENCE

BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

22 March 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

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II. ASIA-AFRICA

Iraq: Iraq plans to ship a total of 825,000 barrels of crude oil to East Germany and Communist China within a few weeks. Under its agreement with the Iraq Petroleum Company, Baghdad receives a royalty of one eighth of annual oil production either in cash or crude oil. Until this year Iraqi governments have elected to take cash except for that oil used locally. Iraq's efforts to sell its share of this year's estimated output of crude--nearly 43 million barrels--in Western countries have failed so far, and only these small sales to the Communist bloc are known to have been made.)

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South Africa: The riots in South Africa's Transvaal Province on 21 March, which resulted in at least 50 deaths, were stimulated by the campaign of a militant new antiwhite nationalist organization against the restrictive South African identity-card system. Peaceful demonstrations by this group, the Pan Africanist Congress, which has contacts with pan-Africanists in Accra and elsewhere, are taking place in other parts of the country. The riots indicate a growing organizational ability among the Union's Africans,

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and the handling of them is increasing nervousness within the South African security forces.

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III. THE WEST

D **France:** De Gaulle's refusal to meet demands for a special session of parliament to discuss the government's agricultural policy has produced a hostile reaction among the majority of deputies and given De Gaulle's rightist opponents new impetus for attacks on the government. Left and center parties are concerned over the trend toward "one-man" government and dismayed by De Gaulle's recent emphasis on a military solution in Algeria. De Gaulle will probably continue his hard line during Khrushchev's 23 March - 3 April visit, but new farmer demonstrations and an effort to censure the government are reportedly planned to follow.

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M **Cyprus:** The current round of negotiations among high-level representatives of Britain and the two communities on Cyprus has resulted in some progress in resolving minor issues. The all-important and interrelated problems--the extent of future British base areas, administrative arrangements for these bases, and British financial aid to the Cypriot Republic--have been put off for the time being. Both Greek Cypriot and British negotiators appear reluctant to make new concessions on the bases problem, fearing that this would be considered a sign of weakness and lead to increased intransigence on the part of the other side. Late May now is considered the earliest possible date for Cypriot independence.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Iraqi Government to Sell Oil to Communist China and East Germany

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[Iraq plans to ship a total of 825,000 barrels of crude oil to East Germany and Communist China in the next few weeks,

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[East Germany is scheduled to receive 450,000 barrels and Communist China 375,000 barrels. If the crude oil is shipped in Communist bloc tankers, or Western tankers of comparable size, the entire amount would be equivalent to seven or eight shiploads.]

[Under the terms of its concession agreement with the Iraq Petroleum Company (IPC), Baghdad receives a royalty of one eighth of IPC's annual crude-oil production, either in cash or crude oil. This and income taxes assure the government of 50 percent of IPC's profits. The Qasim government's share of crude-oil production in 1960 will be about 115,000 barrels a day or 43,000,000 barrels.]

[In the past Iraqi governments have elected to receive the cash equivalent for the crude due them as royalty payments, except for enough oil to cover local requirements.]

[Last June the Qasim regime, chiefly for political reasons, launched a major effort to sell its royalty crude oil. Baghdad hopes to develop a marketing organization which will decrease its total dependence on the IPC sales organization. Thus far, the effort has failed, however, and only these small sales to the Communist bloc are known to have been made. The prices East Germany and Communist China will pay are not known, but Iraq probably will receive slightly less than if it had allowed IPC to market this crude oil.]

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Riots in South Africa's Transvaal Province

The campaign of the newly formed Pan-Africanist Congress (PAC) against South Africa's restrictive identity-card system has resulted in violent demonstrations in Vereeniging in which at least 50 Africans were killed after a stone-throwing crowd of 2,000 had surrounded a police station. The demonstrators were dispersed by police, reinforced by white civilians and air force jets, but tension in the area remains high. At least six Africans were reported killed and 30 injured in another outbreak at Langa Township near Capetown.

The PAC, which held its first national conference in December 1959, has apparently displaced the rival African National Congress (ANC) as the nationalist spokesman in important parts of Transvaal and Cape provinces. Although its program emphasizes peaceful opposition to apartheid measures, the PAC generally takes a more militantly antiwhite stand than does the ANC. It apparently has contacts with Accra and other centers of pan-Africanism on the continent.

As a result of the high degree of organizational effectiveness which the PAC showed in these disorders, the South African Government may well suppress the organization and restrict the movements of its leaders. However, the growing boldness of the Africans and the increasing nervousness of the police could lead to more frequent disturbances.

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III. THE WEST

Opposition to De Gaulle Mounting

De Gaulle's flat refusal to accede to demands for a special session of parliament prior to the regular 26 April session has produced a sharply hostile reaction among the majority of deputies, widened the existing breach between the government and parliament, and probably furnished his rightist opponents with a new basis for attacks on his government. De Gaulle will probably continue his hard line against public displays of hostility to the government during the Khrushchev visit--23 March to 3 April--but he will probably face new farmer demonstrations and efforts to censure the government.

Rightist criticism of De Gaulle, centering primarily on his self-determination policy for Algeria, had become increasingly overt since he dismissed Independent party leader Antoine Pinay and UNR leader Jacques Soustelle from the government. UNR deputies have continued to support the government, but they are beginning to fear that the agricultural issue may cost them their parliamentary seats. Independent party elements closely tied to agricultural interests have long been planning to move into outright opposition, and the implication that De Gaulle is increasingly unsure of his ability to solve the Algerian problem will encourage them to develop their forces with an eye to the period after he leaves office.

Left and center parties, similarly concerned with De Gaulle's "disregard" for parliamentary opinion, have been dismayed by his recent tough statements on Algeria. In general they have withheld criticism on other domestic and foreign policy problems in order to give De Gaulle a freer hand in Algeria, but they now are afraid that such restraint will lose them what influence they still have with the French voter.

The embassy in Paris doubts that an absolute majority can be obtained in the next session to overturn the Debré government. The lack of a ready alternative to De Gaulle probably still continues to be the main deterrent to all-out opposition.

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Cyprus Negotiations

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[The current round of negotiations designed to remove differences which have postponed the proclamation of Cypriot independence is entering its fifth week. British Governor Foot of Cyprus confirmed on 19 March that a draft "treaty of establishment" had been approved but stated that the major problems--the size and administration of the future British military bases and financial aid to the new republic--remain untouched.]

[Foot anticipates that after a new presentation of British views on the size of the bases, the discussions will turn to the administrative and financial problems. There are three or four administrative issues still to be solved, and there is no agreement on the amount of British aid to an independent Cyprus, with London offering \$28,000,000 and the Cypriots asking \$36,400,000.]

[On the question of the size of British bases, there have been few indications that an early settlement is likely and several warnings that a deadlock may result. The Cypriots have suggested 80 square miles, London continues to insist on 120 square miles, and both sides appear to fear that further concessions would be regarded as signs of weakness.]

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[The British have noted repeatedly that military requirements make it impossible for them to yield more than a few square miles, but Governor Foot recently indicated continued flexibility in the British position by expressing confidence that the two sides could "come together" on size of bases if all other issues were resolved. If agreement on all issues were reached by the end of March, independence could be proclaimed during the latter part of May.]

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